



Live from Japan 2014  The Royal Treatment

Presented by CJ Cannata • August 8, 2014

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MRC Marketing Research Consultants LLC

THE CANNATA REPORT LIVE  **THECANNATAREPORT.COM**

AWARDS  **CHARLIE CHANNEL**

SIMILAR SUBSTANCE, DIFFERENT APPROACHES

THE CANNATA REPORT PROBES THE JAPANESE “BIG SIX”



CANON KONICA MINOLTA KYOCERA RICOH SHARP TOSHIBA TEC

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CANON

★ Most **informal** and **conversational** meeting



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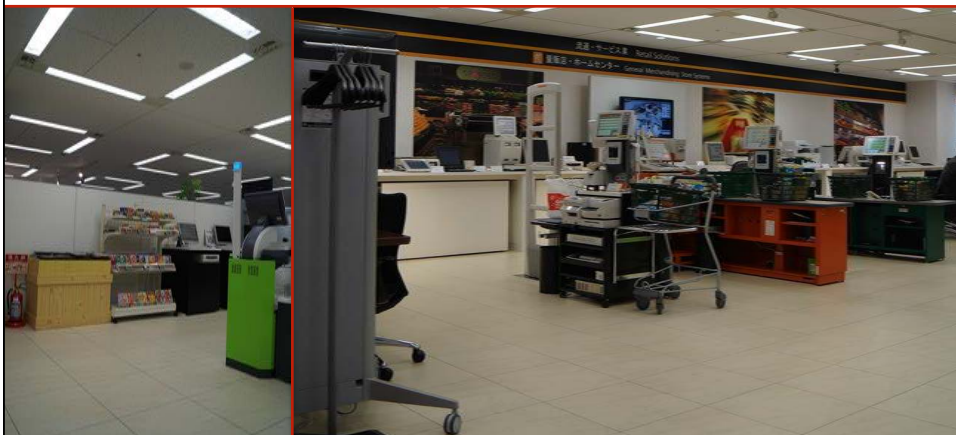
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TOSHIBA TEC

★ Most **uniquely focused discussion** (Retail Strategy)



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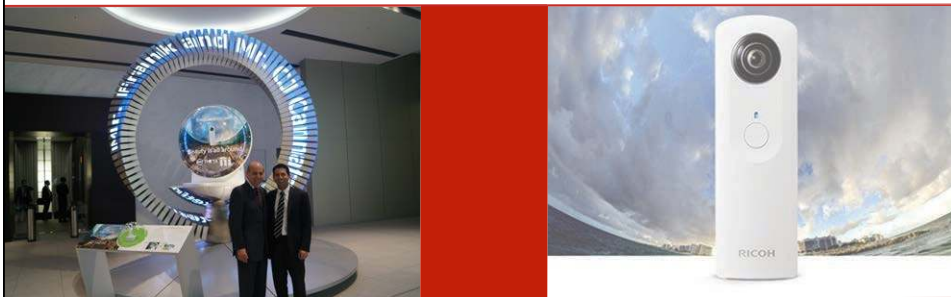
KONICA MINOLTA

★ Most intimate and relaxed meeting



RICOH

★ Meeting that seemed to have required the most preparation



SHARP

★ Most **dynamic** meeting



KYOCERA

★ Most **culturally flavored** meeting





CANON KONICA MINOLTA KYOCERA RICOH SHARP TOSHIBA TEC

Live from Japan 2014  **A Global Perspective**

Presented by Frank G. Cannata • July 17, 2014

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THE CANNATA REPORT LIVE  **AWARDS** 



THE CANNATA REPORT PROBES THE JAPANESE “BIG SIX”

- Current Business Environment in Japan
- Transition to Services
- Business Model Changes
- Strategic Direction Moving Forward
- “How Much Time Do We Have?”
- The New Wave of Technology
- Frankly Speaking

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THE CANNATA REPORT LIVE  **AWARDS** 

CURRENT BUSINESS ENVIRONMENT IN JAPAN

- General level of optimism high
- All making substantial investments in their future
- Current employment levels are high
 - 94.7% of recent college graduates finding jobs
- Management is old but recognizes the need for input from the young
 - Distinct departure from days past
- All recognize they have to do business in a different way
 - Significant transition Must employ “other” technologies to find answers



TRANSITION TO SERVICES: CANON

- It started with Canon – “not just a manufacturer” anymore
- IT Solutions, a Canon company, derives 1/2 of all revenue from US
- Canon’s commitment evidenced by:
 - 4,500 systems engineers
 - 19,000 total employees
 - Four highly modern data centers





TRANSITION TO SERVICES: RICOH

- Extremely focused on transition
- Steve Burger serving two-year stint as “American representative”
- Working on solutions internally and with partners
- Making the MFP into a true information portal
 - Developing cloud-enabled MFP
 - Increasing smart device connectivity and usability
 - Integrating scan + capture into product strategy
 - Adding workflow consulting as an integral part of the services offering

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TRANSITION TO SERVICES: KONICA MINOLTA

- Focus on print and information management from IT side
- R+D in more software/less hardware and office environment in general
- High priorities include adoption of mobile technology

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TRANSITION TO SERVICES: KYOCERA

- Services revenue is growing with 8% increase in 2013 to 10% in 2014
- Core focus remains on hardware/Russian and Third World demand
- Fully understand need to provide third-party MNS solutions

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TRANSITION TO SERVICES: SHARP

Still focused on...

- Security
- CRM
- Cloud portal

...and is making other short-term investments

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TRANSITION TO SERVICES: TOSHIBA TEC

- Toshiba TEC 2013 fiscal net sales were \$4.29 billion, with Toshiba owning 50.2%
- No evidence of any long term investments or even current involvement in transitioning to services



BUSINESS MODEL CHANGES

- **Canon** moving towards much different model/Business derived from other manufacturing companies and medical field
- **Konica Minolta** actively studying broader range of technology: "May do it or may not do it"
- **Ricoh** perceives demand for more efficient and competitive products with common user interface, which represents no radical change
- **Toshiba** striving to become one-stop solutions company for retail Solutions include digital signage
- **Sharp** and **KYOCERA** still see areas for growth in current model such as production print



STRATEGIC DIRECTION MOVING FORWARD

- **Canon** seeks to employ all technology for expansion into areas such as robotics manufacturing and medical to lead
- **Konica Minolta** extremely committed to production print with superwide up next but recognizes limited future
 - Three-year window with current production model
 - Significant transition to services will follow production print via leveraging smart devices and increasing connectivity
- **Sharp** focusing on LCD and smart communication
- **Toshiba** envisions continued acquisitions reshaping the company according to its retail focus
- **KYOCERA** continues to follow



“HOW MUCH TIME DO WE HAVE?”

- We returned to the U.S. convinced independent dealers have an extremely bright future
- All manufacturers recognize that they need dealers to effectively maximize their “future products and services potential”
- Some see a limited window before business model must change/ Others see global opportunities to exploit what they currently have
- In the U.S., dealers see a window of 3-5 years depending on how much they have already invested in a services orientation



THE NEW WAVE OF TECHNOLOGY

- Not as much new technology/leveraging existing technology differently
- **Canon** will use sensor technology across broad medical applications
Surgery employing robotics
- **Ricoh** will closely follow Canon with use of camera technology
Robotics and security employing new 360 camera applications
- **Sharp** and **KYOCERA** will actively exploit inkjet technology for
Production Print
- First A3 inkjet product introduced in Japan



RICOH







FRANKLY SPEAKING

TIME TO RETHINK EXPANSION VS. EXIT STRATEGY

- We are at a point where you either plan for expansion or a quick exit
- Expansion of services via acquisitions is the soundest possible way to grow your business
- If you are going to sell, think about working with your primary supplier as an important partner – they can help







FRANKLY SPEAKING THE NEW WAVE OF TECHNOLOGY

- Digital signage with added intelligence
- EFI SmartSign
- 3D Printing
- Devices made from glass
- A growing wave of software that broadens MFP capabilities to make them the ultimate communication device despite less “clicks”



FRANKLY SPEAKING: JAPAN, INC.

- Collectively, Japan is doing its job
- Manufacturers have carved out a niche/niches where they believes their companies can be successful
- From sensor technology to inkjet and production print, they have the market fairly well-covered
- Two of the companies we visited will be involved in superwide and when that happens “Jump on it!”
- Some manufacturers provide the ideal second line, as they complement the dominant players

